

POLICY NAME	GIFT ACCEPTANCE POLICY
Approving Body	Board of Governors
Initial Approval Date	October 2, 2014 – Board of Governors
Date of last review	October 1, 2020 – Board of Governors
Date of next review	2025
Executive Sponsor	Vice-Principal (University Advancement)

Related Documents	<ul style="list-style-type: none"> (1) Policy on the Approval of Contracts and Designation of Signing Authority (2) Regulation on Conflict of Interest (3) Policy Relating to the Naming of University Assets (4) Gift-in-Kind Policy (5) Donations from Employees and related Financial Management issues Policy (Financial Services policy applicable to all employees) (6) Sponsorship Policy
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PART I - PURPOSE AND SCOPE

1. Purpose

- 1.1. Philanthropy is the voluntary act of providing private financial support to non-profit institutions, an important element in advancing education and research. McGill University welcomes gifts that support its academic mission and enhance its programs and services to students and researchers. Such financial support must be provided for the sole purpose of benefiting the institution’s mission and its social impact, without the expressed or implied expectation that the donor will receive anything more than recognition as the result of such support.
- 1.2. This Gift Acceptance Policy and the documents it refers to have been established to create a framework for the solicitation, review, acceptance, administration and stewardship of philanthropic gifts (as defined under Section 2.2 below) to McGill University / The Royal Institution for the Advancement of Learning (hereafter, “**McGill University**” or the “**University**”).
- 1.3. This Policy and associated documentation have been established to ensure:

- (a) the University's principles, policies and procedures are reflected throughout the gift acceptance process, including appropriate due diligence;
- (b) informed decisions are made concerning the acceptance of gifts;
- (c) gifts are handled in compliance with applicable federal and provincial legislation;
- (d) efficient administrative, legal and accounting practices are followed; and
- (e) consistent and ethical relations with all donors and other supporters of the University are maintained.

2. Scope

2.1. Scope. This Policy applies to philanthropic gifts made to the University, or being considered by the University, in furtherance of McGill University's charitable, educational and research purposes. This Policy applies to all philanthropic gifts to the University, even where a donor is not eligible for or seeking an official donation receipt for tax purposes.

2.2. Definition of Gift. For the purposes of this Policy, a "gift" is a philanthropic gift (also referred to herein as a "donation"), including planned/deferred gifts, where there is an irrevocable transfer of any money or other property to the University by a donor who expects no substantial advantage in return, for the donor or to any third party designated by the donor, subject to the following exceptions:

- (a) donor recognition commensurate with the gift and applicable University recognition and naming policies and practices;
- (b) use of the gift as agreed by the donor and the University, in accordance with the University's gift principles under this Policy;
- (c) life income in the case of some planned/deferred gifts.

In this context, "irrevocable" means the following, in each case subject to the University being able to use the gift for a purpose consistent with the gift terms or any revised purpose pursuant to section 6.5:

- (d) the gift cannot be returned to the donor or the donor's successor's or a third party designated by the donor;
- (e) the gift remains the property of the University unless disposed of by the University, even if a particular staff member leaves the University or if the programmatic or financial needs of the benefitting unit change; and
- (f) there shall be no additional performance-related terms relative to the gift which could result in the gift being forfeited or payments being withheld by the donor.

A gift implies there is no University obligation to provide the donor with a product, service, technical or scientific report, or intellectual property. However, University's status reports or other reports to donors are consistent with philanthropic gifts.

- 2.3. Other Forms of Financial Support. This Policy does not govern other forms of financial support (i.e. “non-philanthropic gift”) to the University, such as:
- (a) sponsorships, where the funding party receives a substantial advantage in return for the funding, in the form of a permitted association with the University (Refer to the University’s *Sponsorship Policy*); or
 - (b) sponsored research, where determined by the University.

In this context, “sponsored research” (versus a gift) involves (i) funding from governmental funding agencies and other accredited funding organizations, (ii) contract research or (iii) funding from corporations, foundations or other organizations or partners where there is an advantage to the sponsor. It is possible to have a gift in support of research, where such support fits within the definition of “gift” under Section 2.2 above. A gift in support of research may still require some administrative and technical support from University units responsible for such internal support.

In certain cases a contribution to the University may be part “gift” and part “funding or support that does not qualify as a gift”. The University will manage and recognize the gift portion in accordance with this Policy.

Questions concerning the review and acceptance of “non-philanthropic gift” financial support shall be referred to the appropriate staff at the University in accordance with the *Policy on the Approval of Contracts and Designation of Signing Authority*.

- 2.4. Types of Donors and Donations. This Policy governs gift acceptance with respect to gifts from donors such as individuals, associations, foundations, and corporations, made in support of existing or new initiatives at the University, whether the gifts are made during the donor’s lifetime or planned/deferred (e.g. through life insurance proceeds, trusts and estates).
- 2.5. University-Wide Scope. This Policy governs all fundraising activities and gift acceptance conducted by the University, including every unit of the University, or by any person authorized by the University.
- 2.6. Gift Review Framework for University Community. This Policy governs University employees, volunteers and leaders on matters of gift acceptance and provides them with an efficient review framework.
- 2.7. Donor Information. This Policy and its published Guidelines provide information about University’s framework and procedures related to gift acceptance to assist current and potential donors with their gift planning.

PART II – POLICY PROVISIONS

3. Principles

3.1. General Statement. McGill University will not accept gifts where such acceptance would compromise any of the principles in this Section 3.

3.2. University Commitments. McGill University is committed to:

3.2.1 academic freedom, freedom of expression, and institutional autonomy;

3.2.2 respecting the rights and dignity of individuals; and

3.2.3 pursuing excellence in the advancement of learning and knowledge.

McGill University will only accept gifts that support these University commitments.

3.3. Alignment, Administration. McGill University (i) seeks and depends upon gifts aligned with its priorities and needs; (ii) uses gifts as agreed by the donor and the University, in accordance with the University's gift principles under this Policy; and (iii) maintains control and flexibility regarding the use and administration of gift funds. McGill University's gift acceptance and gift administration processes are based on and in accordance with its mission, academic priorities and strategic plan.

3.4. University Financial Controls and Compliance. McGill University uses and administers gifts in accordance with applicable University financial and other relevant policies and procedures.

3.5. Cost/Benefits. McGill University will only accept a gift if: (i) the time and cost of handling the gift is proportionate to its expected value; (ii) the gift does not expose the University to excessive liability or risks; and (iii) the University's prospects for realizing cash from the disposal of an asset are not distant or disproportionate to the costs and benefits of holding the asset. In this context, a (potential) gift may be identified by the Advancement unit, or by Legal Services, as requiring special review and consideration in consultation with Senior Leaders of the University before the University may agree to accept it. Such gifts may fall under the non-standard gift types as set out in Guidelines or may be referred to the Approval Committee for Gifts ("**ACOG**") pursuant to Section 4.2 below.

3.6. Avoiding Conflicts of Interest. McGill University is committed to managing actual or perceived conflicts of interest in its acceptance of gifts in accordance with its *University Regulation on Conflicts of Interest*. The *Regulation on Conflicts of Interest* applies to the review and acceptance of all gifts, and governs all members of the University community. When considering philanthropic support for the educational and research activities of the University, decisions should be guided by an overarching concern for advancing learning and knowledge. A gift must not put the University in an institutional conflict of interest; for example, a gift must not:

- (a) create a situation where the University could be influenced by the donor, or where the perception of influence may be created;
 - (b) create expectations for research deliverables that provide an advantage to the donor (e.g. early access to findings, influence on research outcomes; expectation of intellectual property interest, consulting or partnership);
 - (c) create the appearance of endorsement of the donor by the University; or
 - (d) constrain the University's use of vendors.
- 3.7. Compliance with Applicable Legislation. McGill University must comply with all applicable federal and provincial legislation. This includes, for example, taxation, employment, human rights, equity, anti-bribery, anti-money laundering, and anti-terrorism legislation. This Policy, and all other University policies, guidelines and procedures described in this Policy, were designed to comply with and support current legislation. In the event of any disparity, federal and provincial laws supersede the University documents.
- 3.8. Compliance with *Income Tax Act* and CRA Guidelines. McGill University is a registered charity recognized by the Canada Revenue Agency ("**CRA**") and complies with the *Income Tax Act* and CRA guidelines, including those addressing the receipting of charitable gifts.
- 3.9. McGill University as Donee. McGill University is the owner of all gifts it accepts, whether for the benefit of the University generally or for some specific purpose in it. If a gift is designated to a unit or part of the University, it shall be deemed to be a gift for the University, but it will be used for the benefit of the designated unit or part.

4. Responsibilities

- 4.1. The Vice-Principal (University Advancement) is responsible for ensuring that McGill University's gift acceptance process is compliant with this Policy.
- 4.2. Over time, gifts may emerge that have aspects or characteristics that were not contemplated within this Policy. In such cases, the Vice-Principal (University Advancement) shall (i) recommend the establishment of different policies for such gifts; or (ii) request that the ACOG conduct a case-by-case review in order to decide whether accepting or declining a particular gift is in the University's best interest. The ACOG shall also review any potential gift that, in the opinion of the Vice-Principal (University Advancement) or other senior leader of the University, carry potential risks or special considerations. Given their fact-specific nature, case-by-case decisions will not be considered precedent-setting.
- 4.3. The Advancement unit, under the direction of the Vice-Principal (University Advancement), has the authority and responsibility to develop operational guidelines and procedures, to support the gift acceptance process, in compliance with this Policy.
- 4.4. The Advancement unit, under the direction of the Vice-Principal (University Advancement), is primarily responsible for managing University fundraising activities to meet University

objectives, in accordance with the University's mission and current academic priorities. All persons and units wishing to raise philanthropic funds for programs or areas at the University, must work within plans and guidelines established by Advancement. The Advancement unit must be consulted prior to or during preliminary discussions with potential donors.

- 4.5. The relevant receiving unit(s) shall be responsible for stewardship of gifts to the University. The Advancement unit, under the direction of the Vice-Principal (University Advancement), supports stewardship practices through strategic University-wide programming as well as the provision of guidelines and procedures to units concerning gifts they have received. This may include appropriate acknowledgement and recognition for gifts, impact communications/reporting, and donor engagement.
- 4.6. In considering or negotiating a gift to the University that is unusual in nature, University employees or other representatives must consult with the Vice-Principal (University Advancement) or his/her designate prior to or during preliminary discussions with potential donors. (Refer to Guidelines for examples of where such consultation is required.)
- 4.7. Advancement unit staff and other relevant University staff shall refer to Guidelines for examples of appropriate questions to guide the review/due diligence process for accepting a gift.
- 4.8. Both the Advancement unit and the relevant receiving unit are responsible for following guidelines concerning indirect costs of research on philanthropic gifts received by the University, as communicated by the Research and Innovation unit, under the direction of the Vice-Principal (Research and Innovation).

5. Gift Acceptance

- 5.1. The University may elect to accept or decline any gift. When an offer of a gift is judged contrary to the University's best interest, the Vice-Principal (University Advancement) or his/her designate may request that the terms be revised or may decline the offer. The *Policy on the Approval of Contracts and Designation of Signing Authority* applies to the approval and signing of any gift agreement.
- 5.2. The acceptance of a gift does not imply that the University endorses the donor's views, opinions, businesses, or activities.
- 5.3. The Advancement unit, under the direction of the Vice-Principal (University Advancement), will consult with relevant representatives of the potential receiving unit during the gift acceptance process, in order to consider the receiving unit's views concerning acceptance of a potential gift, and to confirm the receiving unit's ability and commitment to perform any obligations associated with a gift.
- 5.4. Without prejudice to Section 5.2 above, where donors wish to provide an advisory role in the project/program/other initiative to which they have provided funding, the University will consider such advisory role on an exceptional and case-by-case basis, taking account of relevant

legislation and University policies, procedures and authorities. Any such advisory role must be in compliance with the University's principles of academic freedom, freedom of expression, and institutional autonomy. Given their fact-specific nature, case-by-case decisions will not be considered precedent-setting.

- 5.5. University faculty and staff members and their immediate family members are welcome to offer gifts to the University, and these may be accepted if the purpose of the gift is to support University activities. Such gifts are subject to all other applicable University policies and procedures, including the *Regulation on Conflict of Interest* and other University or Financial Services policies treating donations from employees.
- 5.6. University faculty and staff members may welcome prospective gifts to the University, however, in accordance with Section 4.4 of this Policy, any fundraising activities must be referred to the Advancement unit for gift negotiation and approval. Gift acceptance may only occur with proper University authority, in compliance with this Policy and the *Policy on the Approval of Contracts and Designation of Signing Authority*.
- 5.7. Where Gift Acceptance involves the naming of any University asset, such naming must be in compliance with the University's *Policy Relating to the Naming of University Assets*.

6. University Management of Different Types of Gifts

- 6.1. Planned/Deferred Gifts. The University may renounce or disclaim a gift that originates from an estate or trust for any reason, such as illiquidity, lack of marketability, holding costs, liability exposure and unacceptable gift restrictions, or any reason for refusal as per the Guidelines.
- 6.2. Eligibility for a Tax Receipt. Gifts to the University may qualify as "tax receiptable gifts" or may be "gifts that are not eligible for a tax receipt", and will be managed as follows:
 - 6.2.1 Tax receiptable gifts. These are gifts (or some portion of gifts) which the University determines meet the CRA guidelines for issuance of an official donation receipt for tax purposes to donor. Such gifts also qualify for appropriate donor recognition by the University.
 - 6.2.2 Gifts that are not eligible for a tax receipt. These gifts do not qualify for issuance of an official donation receipt for tax purposes as determined by the University in accordance with CRA guidelines, but are still treated as gifts to the University with appropriate gift confirmation and donor recognition.
- 6.3. Main Financial and Gift Administration Classifications. For financial and gift administration purposes, gifts (or portions of gifts) to the University are classified and managed as follows:
 - 6.3.1 Current use gifts. A "current use gift" (sometimes referred to as "expendable gift" or direct spend gift") is to be spent down over a period of time to support the purpose(s) of the gift, in accordance with an established schedule or at the University's discretion, until funds are depleted.

6.3.2 Endowed gifts. An “endowed gift” is providing capital to be invested in the University’s endowment (the “**Endowment**”), in order to produce income which can be used to support the designated purpose(s) of the gift, normally in perpetuity. The management of the capital of the Endowment and the distributions of income from the Endowment to support the purpose(s) of the gift are made according to the University’s investment policies and procedures in effect from time to time. An endowed gift may establish an Endowment fund or augment an existing one. The capital of Endowment funds shall not be encroached upon or “spent down”.

Except for endowment funds resulting from testamentary dispositions, every new Endowment fund established by a gift must be based on a written Gift Agreement, which includes:

- (a) Purpose provision [may be restricted (e.g. to fund a specific unit or area of research) or unrestricted (e.g. to support the University’s academic priorities)]
- (b) Revised Purpose Clause
- (c) Payment/Pledge schedule (if applicable).

Any deviation from the foregoing Endowment requirements in this section 6.3.2 requires the written approval of the Vice-Principal (Administration and Finance) or delegate.

6.4. Restricted Versus Unrestricted Gifts. Gifts (or distinct allocations of gifts) may be classified as either “restricted gifts” or “unrestricted gifts” as follows:

6.4.1 Restricted gifts. A “restricted gift” is a gift for which the donor and the University have agreed upon specific directions on how the gift is to be used within the University and/or within one of its units.

6.4.2 Unrestricted gifts. An “unrestricted gift” is a gift for which the donor has left it to the University (and/or a specified unit) to decide how to use the funds (e.g. use of wording such as “to support the University’s academic priorities” or “for the general support of the University”, or silent as to purpose).

6.5. Revised Purpose. In exceptional circumstances and to ensure timely use of gifts over time, if, in the University’s opinion, it is no longer necessary, practical, desirable or possible to use all or part of a gift for the original purpose(s) specified, the University, in consultation with the Donor where possible, may redirect the affected portion of the gift to a new purpose that is consistent with the original spirit and intent of the donor when making the gift. Any such change shall be reviewed and approved by the University Advancement unit in consultation with the affected unit(s), University Legal Services and University senior leaders, as applicable.

7. **Gift Receipting**

7.1. Advancement is the only University unit authorized to issue receipts related to philanthropic gifts, whether gift confirmation receipts or official donation receipts for tax purposes, the latter

being in compliance with the requirements of applicable taxation legislation, and in accordance with the procedures established by the University.

8. Unfulfilled Payments (Pledges)

- 8.1. The University will notify donors concerning any unfulfilled payments/pledges, where possible. If, for any reason, a payment/pledge is not fulfilled as outlined in a gift agreement and it is not possible to come to a new agreement with the donor, the University will have the authority to redirect any partial funds toward one or more of the areas designated in the gift agreement, or other purpose(s) which is/are, in the University's opinion, consistent with the spirit and intent of the donor's gift. Any such change shall be reviewed and approved by the University Advancement unit in consultation with the affected unit(s), University Legal Services and University senior leaders, as applicable.

9. Ethics

- 9.1. All University employees, volunteers and professional representatives acting on behalf of the University will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity.

10. No Advice to Donors

- 10.1. McGill University does not provide legal, tax or financial advice to donors. Therefore, donors are encouraged to discuss all gift planning decisions with their own independent legal, financial or tax advisors before entering into any commitment to make a gift to the University. Donors are responsible for all costs in relation to obtaining such independent professional advice.

11. Confidentiality

- 11.1. Information concerning all transactions between a donor and the University shall be held by the University in strict confidence and may be publicly disclosed only with the permission of the donor, or in accordance with applicable laws.

12. Anonymity

- 12.1. McGill University shall respect the wishes of donors wishing to support the University anonymously and will take reasonable steps to safeguard those donors' identity, subject to the limitations outlined below. "Anonymous" treatment of records requires the University to take more steps than it does when treating records in a confidential manner, since this involves the usual confidentiality treatment referred to in Section 11.1 above, in addition to internal restrictions on access to "anonymous" records.

- 12.1.1 Records, as required by taxation legislation for charitable organization receipting purposes, are maintained by the Advancement unit. Access to these records is restricted to appropriate staff within the Advancement and Finance and Administration units, and senior officers of the University, on a need-to-know basis;
- 12.1.2 The University will comply with any legal obligation to disclose the names of donors and the nature and value of their gifts (for example, obligations that may arise under *Income Tax Act* or other relevant statutes);
- 12.1.3 The identity of a donor requesting anonymity may be provided to the Board of Governors on an oral basis if the Board so requests. Such information will not be included in the minutes of the meeting nor used by Board members or officers outside the meeting of the Board of Governors (except as may be required by applicable laws); and
- 12.1.4 Prospective donors requesting anonymity shall be advised by the Advancement unit that their names, and the nature and amounts of their gifts, will be disclosed as above.

PART III – AUTHORITY TO APPROVE PROCEDURES

The Vice-Principal (University Advancement) is vested with the authority to approve procedures as they relate to this Policy.

PART IV – REVIEW

This Policy shall be reviewed every five (5) years.

GUIDELINES FOR GIFT ACCEPTANCE POLICY

Guidelines, Appendix 1

GIFT ELIGIBILITY

1. Standard Gift Types

The following types of gifts are generally eligible for consideration by the University:

- (a) cash or cash equivalents -- e.g. currency, cheques, credit card payments, electronic funds transfers, payroll deductions, but excluding any form of alternative currency (including cryptocurrency) that cannot be easily and immediately redeemed for cash
- (b) publicly-traded securities, on recognized exchanges
- (c) bequests (testamentary gifts through wills or trust documents)
- (d) life insurance
- (e) payments from charitable trusts
- (f) charitable gift annuities
- (g) gifts-in-kind (e.g.: rare books, equipment, and other) consistent with the University's Gifts-In-Kind Policy in effect.

2. Non-Standard Gifts / Early Consultation Required

If considering or negotiating a gift to the University that is non-standard in nature, University staff members must consult with the Vice-Principal (University Advancement) or his/her designate prior to or early on during discussions with potential donors. For example, such consultation is required where proposed gifts:

- (a) present questions as to whether they are consistent with the educational and research mission of the University
- (b) are from an individual or organization whose philosophy and values could be considered inconsistent with the philosophy and values of the University
- (c) may expose the University to an uncertain liability
- (d) may be perceived to come from illegal or unethical activities
- (e) involve a proposal to name a program or facility (See Policy Relating to the Naming of University Assets)
- (f) involve restricted securities (e.g. thinly-traded, non-publicly traded on a recognized exchange, closely-held, illiquid or otherwise unmarketable securities) or other business interests (e.g. ownership interests in non-corporate business entities, such as partnerships and limited liability companies)
- (g) involve instruments that are otherwise of a "non-standard" nature (refer to Item 1 above re. generally standard gift types).

3. Reasons for Refusal of Gift

To protect the University's institutional autonomy, reasons for the refusal of a proposed gift include:

- (a) gift does not accord with the University's mission, academic priorities or strategic plan
- (b) gift could compromise the University's public image, reputation or commitment to its mission and values

- (c) gift is from an individual or organization whose philosophy and values could be considered inconsistent with those of the University
- (d) gift may expose the University to unacceptable risk or liability
- (e) donor applies restrictions or conditions on the gift that are unacceptable to the University
- (f) gift will be unreasonably onerous to administer
- (g) gift may have come from illegal or unethical activities
- (h) gift has advantages inappropriately directed to a specific individual, group of individuals or organization
- (i) gift violates provincial or federal legislation or relevant University policies or guidelines concerning human rights or equity
- (j) (intended) "gift" is determined to be something other than a charitable gift, where donor has indicated donor wishes to obtain an official donation receipt for tax purposes
- (k) gift is too narrowly restricted
- (l) gift involves thinly-traded/illiquid securities
- (m) gift jeopardizes the University's registered charity status
- (n) gift is being donated to the University with instructions to transfer it (or some portion of it) to a third party

Examples:

The University will not accept as a "gift" any transaction that would require it to give special consideration for employment to the donor, or to anyone designated by the donor, or that would allow the donor to inappropriately influence University appointments, research programs or curriculum.

The University will not accept as a "gift" any transaction that would allow the donor to influence admissions.

The University will not accept as a "gift" any transaction that would give special consideration to the procurement of products or services associated with the donor, or to any person designated by the donor.

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